



Office of the State Actuary

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January 9, 2008

Summary Governor’s Proposed 2009-11 Pension Budget

The Governor released a proposed 2009-11 budget that included several changes to pension funding methods and assumptions for all the state’s retirement plans. The changes include:

- ❖ Change the Plans 2/3 funding method from the Aggregate funding method currently in statute to the Projected Unit Credit (PUC) funding method.
- ❖ For the 2009-11 Biennium only, suspend the projected mortality improvement assumption changes recommended by the State Actuary and adopted by the Pension Funding Council (PFC) and the Law Enforcement Officers’ and Fire Fighters’ Retirement System Plan 2 Board (LEOFF 2 Board).
- ❖ Lower the statutory long-term economic assumption for general salary increases from 4.5 percent to 4.0 percent. In July 2008, the PFC adopted a decrease in the general salary assumption from 4.5 percent to 4.25 percent, as recommended by the State Actuary. The LEOFF 2 Board did not adopt any change to the general salary assumption.
- ❖ For the 2009-11 Biennium only, suspend the minimum contribution rates adopted by the PFC and the LEOFF 2 Board.

The table below compares 2009-11 pension contribution rates under the current policy to estimated rates under the Governor’s proposed pension budget.

	Current Policy			Governor’s Proposal*		
	Employee (Plan 2)	Employer**	State	Employee (Plan 2)	Employer**	State
PERS	4.61%	7.84%		2.38%	5.60%	
TRS	4.93%	10.79%		1.59%	7.44%	
SERS	4.00%	8.12%		1.67%	5.78%	
PSERS	6.94%	10.06%		4.92%	8.03%	
LEOFF	8.45%	5.07%	3.38%	2.95%	1.77%	1.18%
WSPRS	6.95%	8.57%		2.00%	1.32%	

*Preliminary numbers. Fiscal note not complete.

**PERS, TRS, SERS, and PSERS Employer rates include Plan 1 UAAL rates.



The table below compares estimated 2009-11 pension contributions under the current policy to those under the Governor's proposed pension budget.

<i>(Dollars in Millions)</i>	Current Policy	Governor's Proposal*
2009-2011		
General Fund	\$1,167	\$781
Non-General Fund	425	296
Total State	\$1,593	\$1,077
Local Government	1,370	913
Total Employer	\$2,963	\$1,990
Total Employee	\$1,079	\$495

**Preliminary numbers. Fiscal note not complete.*

The information above represents only the impact in the 2009-11 Biennium from the Governor's Proposed Pension Budget. We will show the 2011-13 Biennium and 25 year impacts when we complete the fiscal note.